

Attachment A

ADMIRAL INMAN'S TESTIMONY TO
THE NUNN-ROTH HEARINGS
11 May 1982

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Statement of Admiral Inman

11 May 1982

Thank you Mr. Chairman for the opportunity to appear before this Committee this morning and to continue dialogue on this most important topic. I believe that we agree that technology transfers to the Soviets and the Eastern Bloc represent a very serious problem.

I would like to take this opportunity to again enter into the public record the kinds of problems we are dealing with, and the importance of the various Soviet Bloc mechanisms for acquiring Western technology.

- First, as we look at the militarily useful, militarily related technology which the Soviets have acquired from the West, about 70 percent of these acquisitions have been accomplished by the Soviet and East European intelligence services, using clandestine, technical, and overt collection operations. They are trying to get technologies of proven Western weapons or component designs that can be applied directly to Soviet weapons R&D and industrial needs.
- The Soviets and their Warsaw Pact allies are concentrating their efforts through purchases openly and legally and, if not successful, then illegally, including espionage. The sources of this technology may be government classified or unclassified reports, private companies "proprietary"

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reports, open-source technical documents from companies and government organizations. Embargoed equipment falls into this category as well. The Soviets undertake a very thorough vacuum cleaning of anything in the public sector which will let them better target their espionage activities.

- Of the remaining 20-30 percent of the acquisitions of information of military value to the Soviets, most come through legal purchases and open-source publications or from other Soviet organizations, such as the Ministry of Trade and related international bodies; only a small percentage comes from the direct technical exchanges conducted by scientists and students.

I would like to enter into the record at this time an unclassified study from the Intelligence Community perspective of our knowledge of Soviet efforts to obtain Western technology and to use it ultimately to improve their own military capabilities.

As we look out into the 1980s, where do we believe the pressure is going to come?

- Future Soviet and Warsaw pact acquisition efforts--including acquisitions by their intelligence services--are likely to concentrate on the sources of such component and manufacturing technologies, including:

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- . Defense contractors in the United States, Western Europe, and Japan who are the repositories of military development and manufacturing technologies.
- . General producers of military-related auxiliary manufacturing equipment in the United States, Western Europe, and Japan.
- . Small and medium-size firms and research centers that develop advanced component technology and designs, including advanced civil technologies with future military applications.

The task is likely to become even more difficult in the future as several trends identified in the 1970s continue into the 1980s:

- . First, since the early 1970s, the Soviets and their surrogates among the East Europeans have been increasingly using their national intelligence services to acquire Western civilian technologies--for example, automobile, energy, chemicals, and even consumer electronics.
- . Second, since the mid-1970s, Soviet and East European intelligence services have been emphasizing the

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collection of manufacturing-related technology, in addition to weapons technology.

- . Third, since the late 1970s, there has been increased emphasis by these intelligence services on the acquisition of new Western technologies emerging from universities and research centers.

The combined effect of these trends is a heavy focus by Soviet Bloc intelligence on the commercial sectors in the West-- sectors that are not normally protected from hostile intelligence services. In addition, the security provided by commercial firms is no match for the human penetration operations of such foreign intelligence services. But the most alarming aspect of this commercial focus by Soviet Bloc intelligence services is that as a result of these operations the Soviets have gained, and continue to gain, access to those advanced technologies that are likely to be used by the West in its own future weapons systems.

I can only conclude that Western security services will be severely tested by the Soviet intelligence services and their surrogates among the East European intelligence services during the 1980s. In response, the US and its Western allies will need to organize more effectively than it has in the past to protect its military, industrial, commercial and scientific communities,

4
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I am pleased to say that coordination within the Intelligence Community and intelligence support to the Executive Branch departments and agencies regarding the issue of technology transfer is much better than a year ago when Bill Casey pointed out a number of deficiencies in this area to the Senate Select Committee on Intelligence. For example:

-- The DCI has established a Technology Transfer Intelligence Committee (TTIC) to serve as a focal point within the Intelligence Community on all technology transfer issues. The Committee is able to draw on the highly skilled S&T analysts who are located throughout the military technical intelligence centers and elsewhere in the Intelligence Community to address this complex problem. The Committee also ensures that intelligence information collected on technology transfer is consistent with the DCI's priorities and guidance and meets the needs of Community production organizations. A TTIC Subcommittee on Exchanges advises appropriate US Government departments and agencies of the technology transfer implications and foreign intelligence equities involved in exchange programs and commercial contacts with nationals from designated foreign countries and recommends changes as appropriate. A Subcommittee on Export Control has recently been established to provide foreign intelligence support on export control issues to appropriate US Government agencies.

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-- The intelligence agencies are now better organized to support the functions of the export control enforcement agencies. Assistant Attorney General Lowell Jensen is heading an interagency committee at Justice on Export Control Enforcement. This group has the potential to become the most significant forum for coordinating enforcement and investigative efforts dealing with export control matters. As members of this Committee, we will ensure that it draws effectively upon appropriate intelligence data bases and support. The intelligence agencies will also become directly acquainted with the current state of the enforcement effort and the intelligence needs of the enforcement agencies but also will be in a position to acquire first hand and peruse significant information being developed by the enforcement agencies that will add to and enhance the effectiveness of the intelligence effort in the long run. Any intelligence issues that are developed in this forum may be brought back to the TTIC for appropriate consideration in an Intelligence Community setting.

-- The NSC Technology Transfer Coordinating Committee, chaired by Dr. Gus Weiss, serves as a valuable high-level forum for national policy assessment and developments. It is here that the political, foreign policy, intelligence and enforcement elements are woven together and decisions on jurisdictional issues or program choices may be sought. Substantial intelligence support to this

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group will result in better understanding of the threat, greater support for the efforts of the intelligence and enforcement agencies and result in more considered policy determinations.

-- The intelligence agencies are now in a position to make substantial contributions to Commerce's Advisory Committee on Export Policy, which makes determinations concerning whether particular exports should be licensed and what general policies should be applied by the US.

-- State's Economic Defense Advisory Committee (EDAC) Working Group II structure provides an important opportunity for intelligence, enforcement and foreign policy considerations to be discussed in the context of both general policy concerns and specific cases. Intelligence support here is essential for its value in identifying and assessing international enforcement problems and bridging the gap where there are both domestic and international aspects to a particular case.

7
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